

Message Text

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70

ACTION EB-11

INFO OCT-01 EUR-25 NEA-14 ISO-00 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-03 COME-00 DODE-00 FPC-01 H-03 INR-11

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 FEA-02 PA-04

PRS-01 USIA-15 DRC-01 /193 W
----- 054104

R 061751Z SEP 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 3658

INFO AMEMBASSY ABU DHABI

AMEMBASSY KUWAIT

AMEMBASSY JIDDA

AMEMBASSY TEHRAN

C O N F I D E N T I A L LONDON 11494

KUWAIT FOR DOHA

E.O. 11652: GDS

TAGS: ENRG

SUBJECT: ABU DHABI OIL NEGOTIATIONS

1. MANAGING DIRECTOR OF IPC STOCKWELL GAVE AMBASSADOR STERNER FOLLOWING REPORT ON PRESENT STATUS OF NEGOTIATIONS BETWEEN ABU DHABI GOVERNMENT AND ADPC.

2. LAST WEEK OIL COMPANES THOUGHT THEY HAD DEAL WHEN MINPET OTAIBA AGREED TO FOLLOWING ARRANGEMENTS. FOR FIRST TWO QUARTERS OF 1974 ADPC WOULD BUY BACK FULL AMOUNT OF GOVERNMENT-OWNED OIL AT 94 PERCENT OF POSTED PRICE FOR JANUARY THROUGH MAY AND 94.8 PERCENT FOR MONTH OF JUNE. FOR THIRD QUARTER OWNERS UNWILLING TO BUY BACK FULL AMOUNT OF GOVERNMENT-OWNED OIL AT 94.8 PERCENT FIGURE AND OFFERED, ALONG LINES OF PRE-CONFIDENTIAL

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CEDENT ESTABLISHED BY RECENT BP/GULF-KUWAIT DEAL, TO BUY

BACK APPROXIMATELY 50 PERCENT (SLIGHTLY OVER THREE HUNDRED THOUSAND BBL/DAY) AT 94.8 PERCENT OF POSTED PRICE. OTAIBA HAD ACCEPTED THIS OFFER, BUT SUBSEQUENTLY CAME BACK TO COMPANIES SAYING THAT SHAIKH ZAYID WANTED COMPANIES TO BUY FULL AMOUNT OF GOVERNMENT-OWNED OIL. OWNERS HAVE NOW MADE UP THEIR MINDS TO MAKE OFFER FOR REMAINING THREE HUNDRED THOUSAND PLUS BBL/DAY, BUT AT PRICE LOWER THAN 94.8 PERCENT (THEY POINT OUT THAT ADNOC ITSELF IS PRICING THIRD QUARTER OIL AT 93 PERCENT OF POSTED PRICE). DISCUSSIONS ON THIS EXPECTED TO TAKE PLACE SEPTEMBER 6. OTHER ISSUES, SUCH AS GOVERNMENT GREEN LIGHT FOR ADPC PLANS FOR GAS UTILIZATION, BEING HELD IN ABEYANCE UNTIL QUESTION OF BUY-BACK PRICE RESOLVED.
SOHM

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Message Attributes

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30 JUN 2005

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